



**WASATCH**  
CAPITAL MANAGEMENT OF  
**RAYMOND JAMES®**

Investments and  
Financial Services



**“The bad news is, I accidentally put all of your money into a hedgehog fund. The good news is, they’re cute little buggers!”**

**FEBRUARY 2020**

-----

**INSIDE THIS NEWSLETTER**

- ❖ **FEBRUARY COMMENTARY:  
IT’S THE ECONOMY**
- ❖ **WASATCH TEAM UPDATE**

**It’s the Economy** -Article by Mark Lazar

***A nation is not made wealthy by the accumulation of shiny metals, but it is enriched by the economic prosperity of its people—Adam Smith***

What a difference a year makes. Unlike 2018, when markets had a dismal November/December, and finished negative virtually across the board, 2019 surprised to the upside—in a big way. Investors were richly rewarded, with equities generally returning between 15–30%. Even fixed income had a banner year.

Sir Isaac Newton’s first law of motion states, *an object in motion stays in motion*, and that’s certainly been the case with the stock market. Last year’s momentum has carried into 2020, at least for domestic equities and bonds. Impeachment, Coronavirus, the Iowa caucus debacle—none of which were able to derail the longest bull market in US history:

Item	Data point
S&P 500 Return YTD	<a href="#">3.00%</a>
Bond Index Return YTD	<a href="#">1.86%</a>
Foreign Index Return YTD	<a href="#">-0.33%</a>
Emerging Market Index YTD	<a href="#">-2.06%</a>
U.S Forecast GDP 2020	<a href="#">2.10%</a>
Unemployment Rate	<a href="#">3.60%</a>

*\*All hyperlinked data as of 2/7/2020*

James Carville (AKA the “Ragin’ Cajun), Bill Clinton’s campaign strategist, coined the phrase, “[It’s] The economy, stupid.” It was a flippant but poignant rejoinder to Republican attacks on Clinton’s character. The GOP was baffled by President Clinton’s Teflon approval ratings despite the accusations, scandals, and impeachment. But Americans were keenly aware the U.S. economy was strong, inflation was contained, home values were rising, and the stock market was hitting record highs, as were their 401K plans. Regardless of what side of the political aisle a person stood on, Americans were enjoying unprecedented prosperity and they were pretty sure President Clinton had something to do with it.

January’s key economic data included:

- Total nonfarm employment rose by [225,000](#), thumping the consensus estimate of 165,000
- Average hourly earnings are up [3.1%](#) year-over-year
- Oil plunged [\\$14/barrel](#) over the past ten months, meaning lower prices at the pump in 2020
- The ISM Manufacturing Index rose to [50.9](#) in January, handily beating the forecast 48.5
- The production index jumped to [54.3](#) from 44.8 in December
- The New Orders Index increased to [52](#) from 47.6 the prior month
- The Employment Index increased [1.4](#) points

As much as the talking heads on the radio, TV, or your favorite newspaper want to convince you that their view/spin reflects reality, I would argue the economy isn’t Washington DC. Rather, it’s right here on Main Street; it’s our local shopping centers, restaurants, small business, industrial centers, developers, and builders. I travel the country and everywhere I go, airports are busy, shopping center parking lots are full, restaurants have waiting lists, and cranes and construction equipment are ubiquitous.

Americans would be well-served to spend less time obsessing about American polity, and more time enjoying unrivaled prosperity and economic expansion. The stock market, which is forward-looking, is clearly optimistic about 2020. I suspect Mr. Market recalls The Ragin’ Cajun’s tongue-in-cheek reproach all too well.

## Wasatch Team Updates



### Mark

Mark & Savina visiting friends in Florida.



### John

John & Shawn celebrating John's January Birthday!



### Beth

Beth & her daughter, Ashley, celebrating winter!



Mark Lazar, CFP<sup>®</sup>, MBA, Vice President- Investments | 385-275-3609

John Bergerson, CFA<sup>®</sup>, MBA, Investment Portfolio Associate | 385-275-3608

Beth Winter, Client Service Associate | 385-275-3593

2750 E Cottonwood Parkway, Suite 520, Cottonwood Heights, UT 84121

1389 Center Drive, Suite 200, Park City, UT 84098

Raymond James & Associates, Inc. member New York Stock Exchange/SIPC

Views expressed in this newsletter are the current opinion of the author, but not necessarily those of Raymond James & Associates. The author's opinions are subject to change without notice. Information contained in this report was received from sources believed to be reliable, but accuracy is not guaranteed. Past performance is not indicative of future results. There is no assurance these trends will continue or that forecasts mentioned will occur. Investing always involves risk and you may incur a profit or loss. No investment strategy can guarantee success. The S&P 500 is an unmanaged index of 500 widely held stocks. The Dow Jones Industrial Average is an unmanaged index of 30 widely held securities. It is not possible to invest directly in an index. Companies engaged in business related to a specific sector are subject to fierce competition and their products and services may be subject to rapid obsolescence. There are additional risks associated with investing in an individual sector, including limited diversification. Gross Domestic Product (GDP) is the annual market value of all goods and services produced domestically by the US. The information in this article is general in nature, is not a complete statement of all information necessary for making an investment decision, and is not a recommendation or a solicitation to buy or sell any security. Investments and strategies mentioned may not be suitable for all investors. The MSCI EAFE (Europe, Australasia, and Far East) is a free float-adjusted market capitalization index that is designed to measure developed market equity performance, excluding the United States & Canada. The MSCI Emerging Markets is designed to measure equity market performance in 25 emerging market indices. The index's three largest industries are materials, energy, and banks. The Barclays US Aggregate Bond Index is a broad-based flagship benchmark that measures the investment grade, US dollar-denominated, fixed-rate taxable bond market. International investing involves special risks, including currency fluctuations, differing financial accounting standards, and possible political and economic volatility. Links are being provided for information purposes only. Raymond James is not affiliated with and does not endorse, authorize or sponsor any of the listed websites or their respective sponsors. Raymond James is not responsible for the content of any website or the collection or use of information regarding any website's users and/or members. Raymond James is not affiliated with any of the organizations listed above. Neither Raymond James Financial Services nor any Raymond James Financial Advisor renders advice on tax issues, these matters should be discussed with the appropriate professional. Investing in commodities is generally considered speculative because of the significant potential for investment loss. Their markets are likely to be volatile and there may be sharp price fluctuations even during periods when prices overall are rising. Gold is subject to the special risks associated with investing in precious metals, including but not limited to: price may be subject to wide fluctuation; the market is relatively limited; the sources are concentrated in countries that have the potential for instability; and the market is unregulated. Be advised that investments in real estate and in REITs have various risks, including possible lack of liquidity and devaluation based on adverse economic and regulatory changes. Additionally, investments in REITs will fluctuate with the value of the underlying properties, and the price at redemption may be more or less than the original price paid. Sector investments are companies engaged in business related to a specific sector. They are subject to fierce competition and their products and services may be subject to rapid obsolescence. There are additional risks associated with investing in an individual sector, including limited diversification. Donors are urged to consult their attorneys, accountants or tax advisors with respect to questions relating to the deductibility of various types of contributions to a Donor-Advised Fund for federal and state tax purposes.